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EUROPE



FAR EAST

2. CHINA: Communist problems in Shanghai--US Consul General Shanghai has learned from a reliable source that at recent meetings of the Shanghai Planning Committee Communist officials indulged in heated controversial discussion over their inability to solve Shanghai's critical economic situation. The Consul General believes this report substantiates other evidence that the disastrous Communist position in Shanghai and its hinterland is panicking the Communist leaders and straining their tempers and solidarity. The Consul General describes the atmosphere as one of "great confusion and desperation" and believes the Communist leaders in Shanghai are indulging in increasing recriminations among themselves and with officials in Peiping.

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Fear of Communist Reprisal--US Charge Nanking reports that "there is considerable speculation" among members of the diplomatic corps concerning the possibility of new Communist transgressions against foreign officials and nationals following the departure of US Ambassador Stuart. The Charge points out that Stuart's mere presence in Nanking "undoubtedly extended a certain mantle of protection to all foreigners" in the city. The Charge believes the trend of developments points toward an increase in such Communist persecutions in Nanking as radio censorship, arbitrary arrests, exorbitant labor demands and arbitrary taxation maneuvers.

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